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SINO-BRITISH FRICTIONS OVER HONG KONG

Issue

Sino-British relations have been strained since 1989 over Hong Kong issues as Britain tried to establish democratic protections for Hong Kong residents after the Tiananmen crackdown, but Chinese anger over democratization proposals for Hong Kong that Governor Patten first presented in October 1992 brought relations to a low point. Sino-British talks aimed at settling the dispute ended in an impasse in January 1994 after 17 rounds. The key area of disagreement was Patten's reform plan for the 1995 elections to the Legislative Council (Legco), which exploits loopholes and ambiguities in the Sino-British Joint Declaration and the Basic Law to broaden the democratic base in Hong Kong.

Background

In China's view, the unilateral nature of Patten's proposals as well as their content broke the "spirit" of the previous agreements and reopened basic issues affecting Beijing's control of the colony after 1997:

- China harbors deep suspicions about British intentions. Beijing has repeatedly charged that Britain wants to make Hong Kong a "base of subversion" against the mainland and seeks to maintain its influence after 1997; many in Beijing apparently suspect the British of planning to divert money held by the Hong Kong government to London through a variety of schemes linked to proposed economic projects and legislation.
- Beijing's adamant refusal to accept greater democratization, which it says would lead to "disorder," highlights Chinese leaders' concern that democratically-elected institutions might not be easily controlled after 1997. Indeed, Beijing-backed candidates have lost all major elections since the first legislative elections in 1991.

After the talks deadlocked, Patten tabled a bill containing the first stage of his reforms. The Legislative Council (Legco) passed this bill in February after sharp debate among pro-Beijing legislators who attacked the bill as a breach of Sino-British agreements, democracy activists who criticized it for not going far enough, and moderates who supported its passage:

- Beijing immediately condemned the move and announced that Sino-British negotiations over Hong Kong's political future, begun in April 1993, were over.
- China also threatened economic retaliation against Britain and said it would dismantle the Hong Kong government apparatus after 1997 because it represented British, not Chinese or Hong Kong, interests.

Despite the threat, Patten submitted the second stage of his electoral reform bill—containing the most controversial parts of his proposals, those affecting the Legco elections—which was passed by a vote of 32 to 24 in June.

Beijing has responded to Patten's moves by strengthening the working group it created in July 1993 to serve as a precursor to the powerful 1996 preparatory committee scheduled to choose the first head of the new Hong Kong Special Administrative Region--in effect, Beijing formed a shadow government. Beijing also hinted that it might consider an earlier takeover of the colony if "disorder" becomes serious, and has pressured the business community and pro-Beijing political parties to undermine popular confidence in the Governor.

Since the June vote, however, China has reduced its confrontational rhetoric--although it still maintains its intention to dissolve existing political institutions after 1997--and adopted a more businesslike attitude in meetings over the details of the transition. An agreement ending a seven-year dispute over disposition of military lands in Hong Kong was announced the day after the vote, for example, and both sides have hinted that settlement of the long-running disagreement over financing the new airport project is near; the Hong Kong government has already separately financed some airport-associated projects without Chinese agreement. Despite these renewed signs of cooperation, Chinese government spokesmen continue to pressure London by hinting that better cooperation on economic issues--including those linked to Hong Kong and bilateral Sino-UK relations--depends on Britain's being "cooperative" on political matters.

Business reaction to the vote has been mixed, but most business leaders criticized the reform bill for pointlessly antagonizing China. Some also expressed concern that the Hong Kong electorate would not act "responsibly," thus undermining the city's position as a regional economic center.

- Despite the reservations of business leaders, past statements by businesspersons from a variety of countries and fields suggest that the business community has already allowed for the impact of reversion. The fundamental advantages of infrastructure, expertise, and proximity to China continue to outweigh worries over Hong Kong's political future.